

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In Re:	§	
	§	
TEXAS STANDARD OIL COMPANY	§	
	§	CASE NO. 08-34031
Debtor,	§	CHAPTER 11
	§	
_____	§	
TEXAS STANDAR OIL COMPANY	§	
	§	
V.	§	CONTESTED MATTER
	§	CLAIM NO. 7
MARINER ENERGY, INC./MARINER	§	
ENERGY RESOURCES, INC.	§	

**CREDITORS MARINER ENERGY RESOURCES, INC. AND MARINER ENERGY  
INC.'S ANSWER TO DEBTOR'S OBJECTION TO CLAIM 7**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Creditors Mariner Energy Resources, Inc. ("MERI") and Mariner Energy, Inc., ("MEI") (collectively "Mariner") files its answer and/or response to the allegations set forth in the individually-numbered paragraphs of the Debtor's Objection to Claim 7 ("Objection") as follows:

**ANSWER**

1. Mariner denies the allegations contained in sub-section (i) of Paragraph 1 of the Objection. Mariner admits that a portion of its claim is contingent as set forth in sub-section (ii) of Paragraph 1 of the Objection, but states that to the extent the contingencies relate to the appeal, it will prevail on the issues relevant to this contingency. Mariner denies the remaining allegations contained in sub-section (ii) Paragraph 1 of the Objection. Mariner admits that the costs to plug and abandon the West Delta 34 Property ("WD 34 Property") are based upon

estimates as set forth in sub-section (iii) of Paragraph 1 of the Objection, but states that Debtor is responsible, and indeed has acknowledged responsibility, for such plug and abandonment costs. To the extent the Debtor contends otherwise, Mariner denies this allegation as well as the remaining allegations contained in sub-section (iii) of Paragraph 1. Mariner denies the allegations contained in sub-sections (iv) through (vi) of Paragraph 1 of the Objection. Mariner admits that the non-delinquent working interest owners have paid a portion of the Debtor's past due and owing JIBS as set forth in sub-section (vii) of Paragraph 1 of the Objection, but states that Mariner and the non-delinquent working interest owners expect to be reimbursed by the Debtor when/if the Debtor pays the amount due and owing. To the extent the Debtor contends otherwise, Mariner denies the remaining allegations contained in sub-section (vii) of Paragraph 1 of the Objection. Mariner admits that a portion of the claim is for administrative expenses as contained in sub-section (viii) of Paragraph 1 of the Objection, but denies the remaining allegations.

2. Mariner admits the allegations contained in Paragraph 2 of the Objection.

3. Mariner denies the allegations contained in Paragraph 3 of the Objection.

4. Mariner admits the allegations contained in the first and second sentence in Paragraph 4 of the Objection. Mariner denies the allegations contained in the last sentence of Paragraph 4 of the Objection.

5. Mariner denies the allegations contained in the first and second sentence of Paragraph 5 of the Objection. Mariner admits that the costs to plug and abandon the WD 34 Property are estimates which have not yet been incurred as set forth in the third sentence of Paragraph 5 of the Objection, but states that Debtor is responsible, and indeed has acknowledged responsibility, for such plug and abandonment costs. To the extent Debtor contends otherwise,

Mariner denies this allegation. Mariner admits that the non-delinquent working interest owners have paid a portion of the Debtor's past due and owing JIBS, as set forth in the third sentence of Paragraph 5 of the Objection, but states that Mariner and the non-delinquent working interest owners expect to be reimbursed by the Debtor when/if the Debtor pays the amount due and owing. To the extent the Debtor contends otherwise, Mariner denies the remaining allegations contained in the third sentence of Paragraph 5.

6. Mariner admits the allegations contained in the first and second sentence of Paragraph 6 of the Objection. Mariner denies the allegations contained in the third sentence of Paragraph 6 of the Objection. Mariner admits the allegations contained in the fourth sentence of Paragraph 6 of the Objection. Mariner denies the allegations contained in the fifth sentence of Paragraph 6 of the Objection.

7. Mariner admits that it inadvertently sent out a credit in error as set forth in Paragraph 7 of the Objection, but states that shortly thereafter, the error was rectified and the credit reversed with notice to Debtor. Any remaining allegations in Paragraph 7 of the Objection are denied.

8. Mariner admits the allegations contained in the first sentence of Paragraph 8 of the Objection. Mariner admits that the wells on the WD 34 Property have not been plugged and abandoned as set forth in the second sentence of Paragraph 8 of the Objection, but, after making reasonable inquiry, is unable to admit or deny the allegations concerning the timing of the plug and abandonment of the WD 34 Property contained in the second sentence of Paragraph 8 of the Objection as it is not known when such plug and abandonment will occur. To the extent that the Debtor denies that it is liable for the plug and abandonment costs when they arise, Mariner denies the remaining allegations in the second sentence of Paragraph 8 of the Objection. Mariner

denies the allegations contained in the third sentence of Paragraph 8 of the Objection.

9. Mariner admits the allegations contained in Paragraph 9 of the Objection, but states that the debt is owed to Mariner Energy Resources, Inc.

10. Mariner denies the allegations contained in sub-section (i) of Paragraph 10 of the Objection. Mariner admits that a portion of its claim is contingent as set forth in sub-section (ii) of Paragraph 10 of the Objection, but states that to the extent the contingencies relate to the appeal, it will prevail on the issues relevant to this contingency. Mariner denies the remaining allegations contained in sub-section (ii) of Paragraph 10 of the Objection. Mariner admits that the costs to plug and abandon the WD 34 Property are based upon estimates as set forth in sub-section (iii) of Paragraph 10 of the Objection, but states that Debtor is responsible, and indeed has acknowledged responsibility, for such plug and abandonment costs. To the extent the Debtor contends otherwise, Mariner denies this allegation as well as the remaining allegations contained in sub-section (iii) of Paragraph 10 of the Objection. Mariner denies the allegations contained in sub-sections (iv) through (vi) of Paragraph 10 of the Objection. Mariner admits that the non-delinquent working interest owners have paid a portion of the Debtor's past due and owing JIBs as set forth in sub-section (vii) of Paragraph 10 of the Objection, but states that Mariner and the non-delinquent working interest owners expect to be reimbursed by the Debtor when/if the Debtor pays the amounts due and owing. To the extent the Debtor contends otherwise, Mariner denies the remaining allegations contained in sub-section (vii) of Paragraph 10 of the Objection. Mariner admits that a portion of the claim is for administrative expenses as contained in sub-section (viii) of Paragraph 10 of the Objection, but denies the remaining allegations.

**FURTHER RESPONSE: DEBTOR'S OBJECTION IS NOT VALID**

11. The Debtor is contractually obligated to pay all expenses associated with the properties at issue. These expenses include the monthly operating expenses ("JIBs") both before and after the Debtor filed for bankruptcy, and all expenses to plug and abandon the properties.

12. The monthly JIB's provide the methodology and billing of these charges. These documents, as well as other requested supporting documents, are either in the Debtor's possession or have been provided to the Debtor, and these documents show the amounts owed by Debtor, either pre-petition or post-petition.

13. As set forth in the foregoing Answer, Mariner received a final judgment against Debtor, which amounts are due and owing. There are certain additional amounts that Mariner asserts will be recovered on appeal and thus will also be due and owing.

14. While certain amounts for plugging and abandoning the wells are estimated, Debtor is still obligated to pay these amounts (and has in fact acknowledged said obligation). Thus, Debtor's assertion that costs for plugging and abandonment on amounts not yet incurred is inaccurate and contrary to law and industry standard.

15. The amounts asserted by Mariner as due and owing are not duplicative of each other. Mariner has compiled and supplied as its proof of claim a list of amounts owed by the Debtor, including a) the amounts due and owing under the judgment; b) the amounts that will be due and owing under the judgment following the appeal; c) the amounts due and owing after the judgment and until the time Debtor filed for bankruptcy; and d) the amounts due and owing following the filing for bankruptcy.

16. All amounts sought under the final judgment comply with the final judgment. To the extent that Debtor is asserting otherwise, Mariner refers the Debtor to the final judgment (which is devoid of any reference to any formula, or its functional equivalent).

17. Mariner denies that any sort of misallocation has taken place. Obviously, in the tens of thousands of transactions that take place on a given property, occasional coding errors are made. This takes place on all properties. However, to the extent that Debtor asserts that some large scale misallocation has taken place, Mariner denies same.

18. Debtor alleges that the other non-delinquent working interest owners paid a portion of the JIBs due and owing by the Debtor. While this is true, all the working interest owners, including Mariner, expect reimbursement of said amounts when/if Debtor repays said amounts in conformance with the applicable Offshore Operating Agreement.

19. Debtor's objection to Mariner's claim is without merit and should be denied.

#### **AFFIRMATIVE DEFENSES**

20. For further answer, if same be necessary, Debtor's objection is barred by the doctrine of res judicata.

21. For further answer, if same be necessary, Debtor's objection is barred by the doctrine of collateral estoppel.

22. For further answer, if same be necessary, Debtor's objection is barred by the doctrine of issue preclusion.

WHEREFORE, Creditors Mariner Energy Resources, Inc. and Mariner Energy, Inc. pray that Debtor's Objection to Mariner Energy Resources, Inc. and Mariner Energy, Inc.'s Claim No.7 be denied in its entirety and also pray for such further relief to which they are justly entitled.

Respectfully submitted,

/s/ Bradley L. DeLuca

Bradley L. DeLuca

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document was served via ECF on the 6<sup>th</sup> day of February, 2009, to the following:

All parties on the attached service list.

/s/ Bradley L. DeLuca

Bradley L. DeLuca

**SERVICE LIST**

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